

29 October 2015

Market Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

POTENTIAL ACQUISITION OF LEADING ALLIED HEALTH GROUP – HEALTH NETWORKS AUSTRALIA INVESTMENTS

BGD Corporation Limited (ASX:BGD) (**BGD** or **the Company**) is pleased to announce that in addition to the proposed acquisition of the Modern Medical business announced on 8 October 2015, the Company has entered into a non-binding, conditional term sheet to acquire a leading provider of allied healthcare services, Health Networks Australia Investments (**HNAI**) (the **Transaction**).

HNAI is one of the largest privately owned operators of physiotherapy and allied health practices in Australia, with 34 practices across the country. The business is dedicated to the provision of high quality, cost effective, accessible physiotherapy and related health care services and operates under the brands HNA Physio and Lifecare.

The Transaction is subject to various conditions precedent including satisfactory due diligence, execution of legal documents, and BGD conducting a capital raising attendant to the potential acquisition, in addition to regulatory and shareholder approvals.

The Transaction is entirely separate from and will have no bearing on the Modern Medical transaction. The acquisition of the Modern Medical business, with attendant capital raising and other regulatory processes, has been earmarked for completion in December this year.

HIGHLIGHTS

- BGD has entered into a conditional term sheet to acquire one of Australia's leading allied health groups, Health Networks Australia Investments that operates the brands HNA Physio and Lifecare.
- The Transaction is complementary to the Boards' primary healthcare strategy.
- While complementary in terms of sector and potential synergies, the Transaction will have no bearing on the Modern Medical transaction.
- In the event that the Transaction proceeds, it is anticipated that a range of regulatory and shareholder approvals, including a subsequent capital raising will take place in early CY16.

KEY MATERIAL TERMS

Key details contained in the non-binding, conditional term sheet for the Transaction are as follows:

- Conditions precedent to completion of the Transaction include the following:
 - Negotiation and execution of a business sale agreement in a form satisfactory to the relevant parties;
 - Completion of satisfactory legal, accounting, operational and tax due diligence;
 - Successful completion of a capital raising to fund any cash consideration component; and
 - Receipt of required approvals, including that of ASX and BGD shareholders.

- Subject to due diligence, the indicative upfront purchase price for the Transaction is proposed to be 5.0 x HNAI's maintainable FY15 EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) with an earn-out to be paid in September 2016 contingent on the performance of the HNAI business in FY16. These financial measures are the subject of due diligence and negotiation, and will be reported to the market in due course.
- The upfront purchase price will be potentially reduced at completion of the Transaction to account for certain employee entitlements of transitioning employees and to ensure a minimum amount of working capital.
- The Transaction is free of all debt and encumbrances.

CAPITAL RAISING

In the event that the Transaction proceeds, the purchase consideration for the Transaction will be comprised of a combination of cash and script (to be determined during due diligence), and it is anticipated that a range of regulatory and shareholder approvals, including for a subsequent capital raising, will take place in early CY16.

BGD is currently in discussions relating to a number of additional acquisition opportunities in the primary healthcare industry.

It is anticipated in the event that the Transaction and other potential acquisition opportunities proceed that the subsequent capital raising amount will be between 10 – 15 million dollars and is subject to change. Further information will be provided in due course once the Company has advanced its due diligence and has greater clarity on the elements and timing of the subsequent capital raising.

TIMETABLE

An indicative timetable will be provided in due course once the Company has advanced its due diligence and has greater clarity on the elements and timing of the Transaction.

For further information please contact:

SHANE TANNER

Executive Chairman
0411 107 099
shane.taner@clinicas.com.au

HEATH ROBERTS

Company Secretary
0419 473 925
heathroberts@gmail.com

***Disclaimer** The announcement may contain certain forward-looking statements. Words 'anticipate', 'intend', 'likely', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BGD, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Actual results, performances or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based, which include changes in market conditions, demand for BGD's product and services, future exchange rate fluctuations, technology advances and capital requirements. You should not place any undue reliance on forward-looking statements and neither BGD nor its directors, officers, employees or agents assume any responsibility to update such information.*